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FM AMCONSUL LAGOS
TO RUEHC/SECSTATE WASHDC 9670
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RUEHZK/ECOWAS COLLECTIVE
RUCPDO/DEPT OF COMMERCE WASHDC
RHMCSUU/DEPT OF ENERGY WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC
RUEAIIA/CIA WASHINGTON DC
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STATE FOR AF/W
COMMERCE FOR KBURRESS
ENERGY FOR PERSON, GAY
TREASURY FOR DPETERS, RHALL, RABDULRAZAK
STATE PASS USTR FOR LISER, AGAMA
STATE PASS TRANSPORTATION FOR KSAMPLE
STATE PASS OPIC FOR ZHAN, MSTUCKART, JEDWARDS
STATE PASS TDA FOR EEBONG, DSHUSTER
STATE PASS EXIM FOR JRICHTER
STATE PASS USAID FOR NFREEMAN, GBERTOLIN

E.O. 12958: N/A
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SUBJECT: NIGERIA: GOVERNMENT PROCUREMENT AS IMPLEMENTED IN LAGOS
STATE

¶1. (U) Summary: The Lagos state government presently has no specified office overseeing procurement; each ministry or agency executes its own annual budget. The Ministry of Economic Planning and Budget acts as a "due process" office; it monitors and evaluates contracts and projects to ensure that value for money is obtained. Contracts worth 2 million naira (USD 15,400) or more must be approved by the State tenders' board as well as by the governing board of the user agency. End summary.

¶2. (U) The Lagos State Government began modernizing its manual paper based expenditure control and accounting system in 2001 under the state governance capacity building project (SGCBP) of the World Bank, by installing and operating an Integrated Financial Management Information System (IFMIS) designed by Oracle.

¶3. (U) However, the installation of the Oracle financial modules did not fundamentally change the state's financial management system. The state has no specified office overseeing procurement. Most line ministries continue to own projects. Each ministry prepares its own budget, detailing planned procurements. The annual budgets prepared by the ministries are coordinated by the Ministry of Economic Planning and Budget (MEPB).

¶4. (U) After the budget is approved, ministries can begin procurement. The State procurement process starts with the receipt of tenders from intending vendors by the executing agency/user ministry, which shortlists and submits relevant documents to the MEPB. All contracts for construction, supplies, general stores etc that are worth 500,000 naira (USD 3,800) or more are awarded and approved by the user ministry or agency. While all contract sums worth 2 million naira (USD 15,400) or more must be approved by both the governing board of the user agency and the state tenders' board.

¶5. (U) The MEPB, the "due process" office, has responsibility for evaluating and monitoring progress of awarded contracts and projects. The MEPB adopted a four-pronged approach to ensure transparency in its project management activity. It monitors

projects through, (1) independent private monitors, (2) a project monitoring committee consisting of Lagos State cabinet members (chaired by the MEPB), (3) MEPB economic planning department and (4) MEPB Central Projects Coordinating Department and the executing agency/user ministry, which do the prepayment evaluation.

¶6. (U) The MEPB notifies procuring agencies about results of its project monitoring and issues a certification for payment if satisfied with the project execution. The independent monitors' reports are forwarded to the Governor, to provide an unbiased project assessment.

¶7. (U) Budget items that are perquisites of office, such as housing for commissioners and civil servants, vehicle loans, pensions and gratuities, are exempt from the procedure.

¶8. (SBU) Comment: Enforcement of procurement processes in Nigeria remains lax, especially at sub-national levels. The process in most states and ministries is usually characterized by inflated rates and insider dealings that fuel corruption. With the current procurement process, it is evident the Lagos State government has to do more to ensure the desired transparency and accountability. End comment.
Blair